GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2652
ANSWERED ON:16.12.2008
CLOSURE OF DIAMOND INDUSTRY UNITS
Jogi Shri Ajit

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the diamond industry is facing constraints in export of its products which is resulting in closure of several such units;

(b) if so, the details thereof including the number of units closed/on the verge of closure;

(c) whether the Government has conducted any study in this regard;

(d) if so, the details thereof; and

(e) the remedial measures taken/proposed to be taken by the Government to bail out the diamond industry and boost the export of diamond products?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a) to (d) The current global economic scenario has led to a fall in consumer demand across the world; build up of inventories due to lack of sufficient demand in the global market; and liquidity problems.The Gem & Jewellery Export Promotion Council has conducted a market research among a sample of 32 major exporters of gems and jewellery to study the impact of the current global economic scenario. The survey revealed that 12.5% of exporters had to shut down their operations / units in the last three months.

(e) Some of remedial measures taken by the Government to boost export, including of diamond products, are as follows:-

(i) The period of entitlement of the first slab of pre-shipment rupee export credit, available at a concessional interest rate ceiling of the benchmark prime lending rate (BPLR) minus 2.5 percentage points has been extended from 180 days to 270 days.

(ii) The period of entitlement of the first slab of post shipment rupee export credit, available at a concessional interest rate ceiling (not exceeding BPLR minus 2.5 percentage points) have been extended from 90 days to 180 days.

(iii) Prescribed interest rate as applicable to post shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) has been extended to overdue bills upto 180 days from the date of advance.

(iv) Pre and post shipment export credit have been provided an interest subvention of 2 percent upto 31/3/2009 subject to minimum rate of interest of 7% per annum.

(v) Additional funds of Rs.1,100 crore has been provided to ensure full refund of terminal excise duty / Central Sales Tax.

(vi) Government back-up guarantee has been made available to Export Credit Guarantee Corporation of India Ltd. to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets/products

(vii) Exporters have been allowed refund of service tax on foreign agent commissions of upto 10 percent of FOB value of exports and refund of service tax on output services while availing of benefits under Duty Drawback Scheme.